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FOR IMMEDIATE RELEASE  
MONDAY DECEMBER 27, 2010  
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**FORMER CHICAGO MAN ALLEGEDLY SWINDLED NEARLY \$8 MILLION  
FROM MORE THAN 50 VICTIMS IN INVESTMENT FRAUD SCHEME**

CHICAGO — A former Chicago man was charged with allegedly engaging in an investment fraud scheme, swindling nearly \$8 million from more than 50 victims who were led to believe they were buying shares of stock in well-known companies. The defendant, **Randy M. Cho**, was charged with one count of wire fraud and one count of filing a false federal income tax return in a criminal information filed in U.S. District Court. Cho allegedly misused a significant portion of the funds he raised from investors for his own personal benefit, while using other funds he fraudulently obtained from new investors to make Ponzi-type payments to previous investors.

Cho, 39, of Newton, Mass., and formerly of Chicago, will be arraigned at a later date in U.S. District Court, Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago, announced today.

According to the charges, Cho held himself out as a self-employed securities trader, who, from approximately 2001 to 2009, lived and worked at various times in Chicago, Seattle, Boston and

Newton, Mass. Cho purportedly offered and sold more than \$9,642,507 of shares of stock in well-known companies to more than 50 U.S. and foreign investors, including some in the Chicago area. Cho claimed to have access to sell stock in these companies, which he offered as part of a “friends and family” investment pool, often in anticipation of purported initial public offerings. Cho allegedly misrepresented that he had a special relationship with Goldman Sachs and was able to purchase discounted shares, and further misrepresented the timing or existence of public offerings, the potential profitability and safety of investments, and the use of the funds raised from investors.

At various times during the alleged scheme, Cho falsely told investors that he could purchase specially-discounted shares of companies, including AOL/Time warner, Inc., Google, Inc., Rosetta Stone, Inc., and Facebook, Inc., prior to their initial public offerings, the charges allege. For example, Cho induced one victim to invest approximately \$20,000 by falsely representing that he had Google stock available to sell for \$1 per share, when, in fact, Cho knew that shares of Google were publicly trading at \$425 per share or more. Cho also knew that he had no Google shares at a lower price and had no intent to purchase any Google stock on the victim’s behalf, the charges add.

Similarly, Cho allegedly falsely lulled another investor into believing that the victim had made a \$1 million profit by investing in shares of Google stock when no such investment or profit existed. As part of the scheme, Cho used more than \$1.5 million in new investor funds to make Ponzi-type payments to previous investors, and Cho caused investors to lose approximately \$7,960,707, according to the charges.

The tax count alleges that Cho filed a false federal income tax return for 2005, reporting total income of \$118,475, when he knew he had received income totaling approximately \$1,172,862.

The government is being represented by Assistant U.S. Attorney Felicia Manno Alesia. The U.S. Securities and Exchange Commission assisted in the investigation.

Wire fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine, and restitution is mandatory. The Court may also impose a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater. Filing a false tax return carries a maximum penalty of three years in prison and a \$250,000 fine. In addition, a defendant convicted of tax offenses faces mandatory costs of prosecution and remains liable for any taxes owed, as well as a civil fraud penalty up to 75 percent of any underpayment plus interest. If convicted, however, the Court must impose a reasonable sentence under the advisory United States Sentencing Guidelines.

The investigation falls under the umbrella of the Financial Fraud Enforcement Task Force, which includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit: [www.StopFraud.gov](http://www.StopFraud.gov).

An information contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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